

VZCZCXRO2316
OO RUEHLH RUEHPW
DE RUEHIL #4962/01 3251145
ZNR UUUUU ZZH
O 211145Z NOV 07
FM AMEMBASSY ISLAMABAD
TO RUEHC/SECSTATE WASHDC IMMEDIATE 3367
INFO RUEHBUL/AMEMBASSY KABUL PRIORITY 7789
RUEHNE/AMEMBASSY NEW DELHI PRIORITY 2285
RUEHKP/AMCONSUL KARACHI PRIORITY 8131
RUEHLH/AMCONSUL LAHORE PRIORITY 4122
RUEHPW/AMCONSUL PESHAWAR PRIORITY 2679
RUEKJCS/SECDEF WASHDC PRIORITY
RUMICEA/USCENTCOM INTEL CEN MACDILL AFB FL PRIORITY
RUEAIIA/CIA WASHDC PRIORITY
RUEHNO/USMISSION USNATO PRIORITY 3291
RHMFISS/CDR USCENTCOM MACDILL AFB FL PRIORITY

UNCLAS SECTION 01 OF 03 ISLAMABAD 004962

SIPDIS

SENSITIVE

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E.O. 12958: N/A

TAGS: [EAID](#) [ECON](#) [PGOV](#) [PK](#) [PINR](#) [PREL](#) [PTER](#)

SUBJECT: EXPANDED USAID PROGRAM IN PAKISTAN

REF: ISLAMABAD 04817

11. (SBU) SUMMARY: This cable is a follow-up to reftel. In reftel, Post recommended that the \$200 million cash transfer could be projectized. We believe funds currently used for the cash transfer could be more productively used for other USG programs that directly benefit the Pakistani people and make Pakistan a stronger and more secure ally in the war against terror. This cable outlines the skeleton of a three-year, \$600 million program that could be implemented by USAID with three additional US Direct Hires, seven US Personal Services Contractors, and 21 additional FSN staff. The program would be carried out through US contractors and grantees who would work with provincial and local governments as well as Pakistani NGOs and private sector organizations. If funds are allowed in the spring of 2008, implementing partners could begin operations in early calendar 2009.

12. (SBU) Most of the program (\$340 million) focuses on education, which we believe is fundamental to moving Pakistan toward democracy, prosperity, and stability. The education component is comprehensive - training teachers, building schools, providing scholarships Q with the premise that these actions will reduce the number of children exposed to extremist teachings. Second, the program devotes \$130 million to improve child and maternal health, thereby allowing the US to visibly touch the lives of millions of Pakistanis and fill a critical need. Third, the program devotes \$130 million for job training for unemployed youth, for generating jobs by building small infrastructure in communities, and for helping farmers get out of poverty.

EDUCATION IS KEY

13. (SBU) Pakistan is falling far short of its obligation to provide high-quality basic education for its children. We propose five focused activities which would significantly strengthen education, and have the important side effect of making secular education more attractive than Madrassa education.

14. (SBU) First, a major cause of problems in basic education in Pakistan is that the teachers themselves

are poorly trained. USAID will improve existing teacher training programs by strengthening pre-service teacher education institutions such as Allama Iqbal Open University, Punjab, Peshawar, Gomal, Hazara, Balochistan, Sindh, and Hyderabad by training their staff, and developing and implementing new curriculum. This three-year activity would help 38,000 teachers meet acceptable international standards in both knowledge of subject matter and classroom teaching skills. It would have a long-term impact as future generations of Pakistan's teachers will continue to receive a far better preparation for teaching. (\$70 million).

15. (SBU) Second, USAID will rebuild or renovate up to 3,000 schools using a US contractor with local subcontractors. This may include the GOP's new Dar Ul Ilm program (House of Knowledge), which is planning to build boarding schools for needy children. Dar Ul Ilm would provide religious instruction as well as secular instruction to directly compete with madrassas. (\$110 million).

16. (SBU) Third, USAID would build an additional 30 schools in the area affected by the 2005 earthquake. These additional schools are badly needed to replace schools that were damaged or destroyed. (\$45 million). Fourth, we would support the GOP's early childhood education program, providing young children with a critical foundation for learning. Our support would benefit 175,000 children. (This would also help lessen the appeal of madrassas, which take in children as young as three and a half years.) (\$50 million).

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Fifth, we would provide more opportunity for leaders to develop from the less advantaged parts of society by awarding up to 6,500 scholarships for study in Pakistan or the US to intellectually talented students currently without the financial means to pursue higher education. (\$65 million).

HEALTH CARE

17. (SBU) The health of young children and mothers in Pakistan is among the worst in the world; for example, 95 children under five years of age die for every 1,000 live births compared to 8 in the US. To address this desperate need, a \$130 million program will extend essential health services to families in 27 of the poorest districts in the country where neither USAID nor other donors are concentrating. This would have an immediate benefit by decreasing deaths of infants, young children, and mothers, and improving their overall health. The program would provide life-saving skills to 5,000 midwives and the emergency staff of 75 hospitals. We could substantially increase the number of fully immunized children by helping the local governments run more vaccination campaigns. This program parallels the current USAID-funded Pakistan Initiative for Mothers and Newborns. It would benefit more than two million children under the age of five and roughly six million married couples.

JOBS

18. (SBU) There is an enormous unmet need for job training in Pakistan. The GOP has been unable to develop training programs which address the needs of an increasingly hi tech, services-based economy. While Pakistan's private sector has begun to provide job training on a small scale, the combination of government and private sector programs is clearly insufficient. At the same time, Pakistan needs to generate over 2 million new jobs per year because of

its demographic bulge. We will support a training program that provides job skills specifically aimed at areas that businesses say they need, and life skills that help youth find and keep jobs. The program will reach approximately 250,000 poor youth from rural and urban areas throughout Pakistan. The program will work on the model of an existing program, The Education and Employment Alliance, and similar programs in other countries. The Alliance is implemented internationally by the International Youth Foundation and in Pakistan by the National Rural Support Network. It provides three- to six- month training programs for unemployed youth, targeted at the skills businesses need. (\$75 million).

¶9. (SBU) The GOP has underinvested in infrastructure for many years. Approximately 500 small community infrastructure projects such as roads, irrigation, sanitation, and power can be built. Such infrastructure projects are excellent, highly public examples to show that the US cares about the Pakistani people. Since contracting is done by local subcontractors, hired and managed by US companies, they generate jobs immediately. Often, the infrastructure promotes business development, thus opening additional employment opportunities. Projects must meet predetermined criteria for social and economic impact; selection maybe done by local mayors in consultation with city and/or provincial leaders.(\$25 million).

¶10. (SBU) Agriculture employs 40-50% of Pakistan's workers, including about 65% of working women and 80% of the nation's poor. USG programs will increase farmers' incomes by enhancing their production techniques, improving their linkages to markets, and developing the food processing industry. Studies show that increased farm income is a very powerful generator of rural jobs. The new funds will expand a successful USAID program to additional districts

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along or near the Afghan border in Balochistan and other strategic areas as well as coordinate key players in the private sector and provincial agricultural ministries. (\$30 million).

COMMENT

¶11. (SBU) The Mission believes that the programs outlined above would address fundamental problems that block Pakistan's progress and stability, and would significantly strengthen one of our key allies in the global war on terror while making very clear our commitment to creating better lives for Pakistan's people. With a relatively modest increase in staff, USAID can effectively manage new, additional programs in education, health care and employment. The new program would redefine our development relationship: we would remain close partners with the Government of Pakistan, but funding would come directly from USAID through contractors and grantees, increasing direct benefits to the Pakistani people and accountability for US taxpayer money. End comment.

PATTERSON